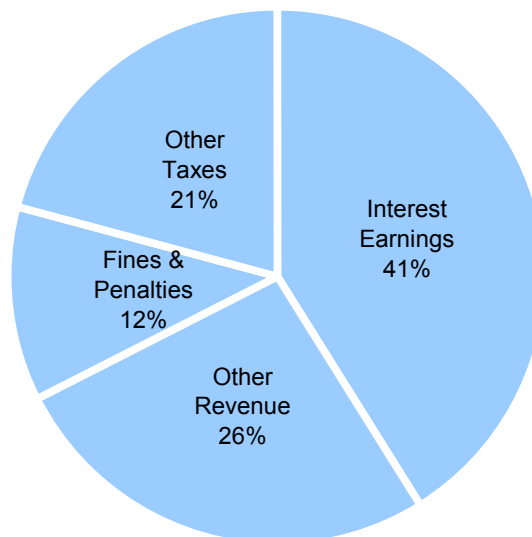


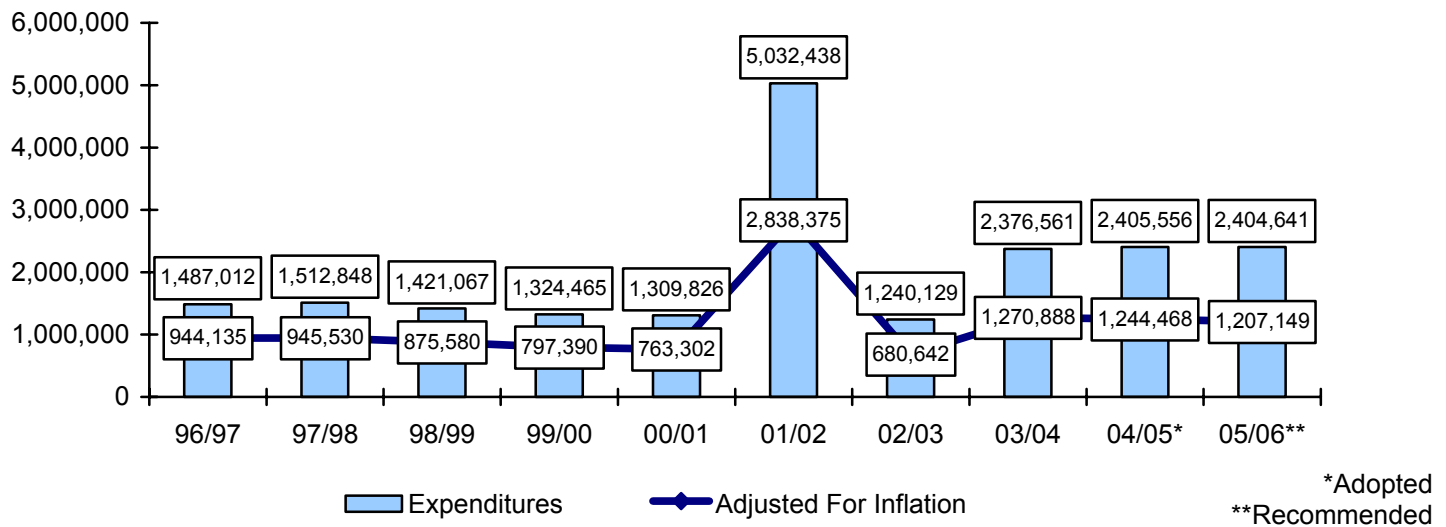
PURPOSE

To provide for the payment of interest and principal associated with the County's long term debt based upon Board of Supervisor budget policies. Recommendations for debt financing of major projects will include a cost benefit analysis of available options and funding alternatives. Every attempt will be made to provide for debt service through dedicated revenues that can be maintained over the life of any debt, before the General Fund is accessed for such a purpose.

	2003-04	2004-05	2005-06	2005-06	2005-06
<u>Financial Summary</u>	<u>Actual</u>	<u>Actual</u>	<u>Requested</u>	<u>Recommended</u>	<u>Adopted</u>
Revenues	\$ 2,403,606	\$ 2,405,555	\$ 2,405,363	\$ 2,404,641	\$ 3,504,641
Fund Balance Available	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cancelled Reserves	0	0	0	0	0
Total Financing Sources	<u>\$ 2,403,606</u>	<u>\$ 2,405,555</u>	<u>\$ 2,405,363</u>	<u>\$ 2,404,641</u>	<u>\$ 3,504,641</u>
Salary and Benefits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Services and Supplies	0	0	1,167,641	1,167,641	1,167,641
Other Charges	2,403,606	2,405,556	1,237,000	1,237,000	2,337,000
Fixed Assets	0	0	0	0	0
Gross Expenditures	\$ 2,403,606	\$ 2,405,556	\$ 2,404,641	\$ 2,404,641	\$ 3,504,641
Contingencies	0	0	0	0	0
New Reserves	0	0	0	0	0
Total Financing Requirements	\$ 2,403,606	\$ 2,405,556	\$ 2,404,641	\$ 2,404,641	\$ 3,504,641

Source of Funds

10 Year Expenditures Adjusted For Inflation



COUNTY ADMINISTRATOR'S COMMENTS AND RECOMMENDATIONS

Debt financing for capital improvement projects is recommended based upon adherence to Board budget policies and review by the County's Debt Advisory Committee. In 1991-1992, the Board of Supervisors established a formal Debt Advisory Committee to review debt matters and make recommendations to the Board. The three member Debt Advisory Committee is made up of the Auditor-Controller, Treasurer-Tax Collector, and the County Administrator.

This budget unit summarizes the long-term debt service obligations of the County excluding Board governed Special Districts. This budget unit includes principal and interest payments for 1) a Certificate of Participation (COP) issued in 1994 to pay for social services and criminal justice facilities as well as improvements to the Morro Bay Golf Course irrigation system. Funding sources for this debt include the Criminal Justice Construction Fund, the Golf Course Enterprise Fund, and State/Federal Funds received by the Department of Social Services and 2) a COP issued in 2002 for the new County Government Center. Funding sources for this debt include Public Facility Fee revenue, a transfer from the General Fund, and Tax Loss Reserve Fund.

Debt service payments for the two COPs are approximately \$2.4 million. These payments represent less than 1% of the County's General Fund operational expenses.

Information on a \$10.2 million COP to build the Dairy Creek Golf Course, approved by the Board of Supervisors in 1995, is included in the Golf Course Enterprise Fund (budget unit 4161).

The long-term debt described above has received the highest ratings from both Standard and Poor's Rating Service and Moody's Investor Service. These services rate the creditworthiness of debt obligations.

BOARD ADOPTED CHANGES

None.